

# Analysis of USF Reform NPRM Released 2/9/2011

COMPANY: AVERAGE OF ALL FWA CLIENT COMPANIES

Line	Description	Source	2010	2011	2012	2013	2014
<b>REGULATED REVENUES</b>							
<b>Revenues - USF Support:</b>							
LN1	NECA-ICLS	3 year forecast	\$1,216,486	\$1,242,252	\$1,276,004	\$1,324,219	\$1,391,234
LN2	NECA-LSS	3 year forecast	\$325,325	\$336,005	\$317,951	\$302,315	\$288,761
LN3	USF SNA	From USAC Appendix 1	\$71,405	\$69,625	\$47,760	\$47,760	\$18,720
LN4	USF HCL	3yr forecast and USAC Appedix 1	\$781,571	\$ 726,056	\$631,368	\$615,102	\$587,420
LN5	<b>SUBTOTAL -USF</b>	<b>=(Sum LN1 thru LN4)</b>	<b>\$2,394,787</b>	<b>\$2,373,938</b>	<b>\$2,273,082</b>	<b>\$2,289,396</b>	<b>\$2,286,136</b>
LN6	1.3 Loops		3,029	2,888	2,753	2,626	2,506
LN7	<b>Annual USF Support per Line</b>	<b>=(LN5 / LN6)</b>	<b>\$791</b>	<b>\$822</b>	<b>\$826</b>	<b>\$872</b>	<b>\$912</b>
LN7a	<b>Monthly USF Support per Line</b>	<b>=(LN7 / 12)</b>	<b>\$66</b>	<b>\$69</b>	<b>\$69</b>	<b>\$73</b>	<b>\$76</b>
<b>Other Regulated Revenues:</b>							
LN8	Other Interstate Revenues (ie. NECA settlements, Interstate Access, etc.)	Interstate Less ICLS and LSS	\$2,150,619	\$1,988,736	\$1,988,159	\$2,000,812	\$2,028,110
LN9	Other Revenue (ie Local, Intrastate Access, etc)	Total Reg Revenue Less Above	\$2,076,041	\$2,076,041	\$2,076,041	\$2,076,041	\$2,076,041
LN10	<b>SUBTOTAL - All other Reg. Revenues:</b>	<b>=(Sum LN8 + LN9)</b>	<b>\$4,226,726</b>	<b>\$4,064,846</b>	<b>\$4,064,269</b>	<b>\$4,076,926</b>	<b>\$4,104,227</b>
LN 11	<b>TOTAL REGULATED REVENUES</b>	<b>=(LN7 + LN10)</b>	<b>\$6,621,514</b>	<b>\$6,438,784</b>	<b>\$6,337,352</b>	<b>\$6,366,322</b>	<b>\$6,390,363</b>
<b>Regulated Operating Expense, Interest, Other:</b>							
LN12	Op. Expense	From Forecast	\$5,703,379	\$5,790,086	\$5,776,580	\$5,820,671	\$5,862,406
LN13	Interest	From Forecast	\$496,309	\$500,335	\$548,677	\$542,240	\$509,501
LN14	Other	All Other Income Stmt Items	\$10,657	\$2,329	\$12,364	\$6,506	\$3,423
LN15	<b>TOTAL OPERATING EXPENSE, INTEREST, ETC</b>	<b>=(Sum LN12 + LN14)</b>	<b>\$6,210,345</b>	<b>\$6,292,750</b>	<b>\$6,337,621</b>	<b>\$6,369,417</b>	<b>\$6,375,331</b>
LN16	<b>Net Income Before Tax</b>	<b>=(LN11 - LN15)</b>	<b>\$411,169</b>	<b>\$146,034</b>	<b>(\$269)</b>	<b>(\$3,095)</b>	<b>\$15,033</b>
LN 17	<b>Net Investment</b>	<b>3 Year Forecast</b>	<b>\$11,068,044</b>	<b>\$11,334,560</b>	<b>\$11,487,021</b>	<b>\$12,014,263</b>	<b>\$13,079,552</b>
LN 18	<b>ROR</b>	<b>=(LN16 / LN17)</b>	<b>3.71%</b>	<b>1.29%</b>	<b>0.00%</b>	<b>-0.03%</b>	<b>0.11%</b>
LN 18a	<b>HCL Cap Revenue Effect</b>	<b>From Forecast</b>			<b>(\$80,213)</b>	<b>(\$218,469)</b>	<b>(\$360,362)</b>
LN 19	<b>TIER</b>	<b>=((LN13+LN16)/LN13)</b>	<b>1.8285</b>	<b>1.2919</b>	<b>0.9995</b>	<b>0.9943</b>	<b>1.0295</b>
<b>NPRM Impacts</b>					<b>2012</b>	<b>2013</b>	<b>2014</b>
LN 20	High Cost Loop Fund				(\$20,097)	(\$27,373)	(\$20,766)
LN 21	Safety Net Additive				(\$22,635)	(\$41,717)	(\$36,508)
LN 22	LSS				(\$119,340)	(\$242,296)	(\$361,636)
LN 23	ICLS				(\$55,710)	(\$113,108)	(\$168,818)
LN 24	\$3000/Ln Support Limitation	= Compare to Line 7			(\$64,888)	(\$45,169)	(\$20,611)
LN 25	<b>Total Support Reduction</b>	<b>=(Sum LN20 thru LN24)</b>			<b>(\$282,669)</b>	<b>(\$469,664)</b>	<b>(\$608,340)</b>
LN 25A	<b>Total Monthly Support Reduction Per Line</b>	<b>=(Line 25 / Line 6 / 12)</b>			<b>(\$9)</b>	<b>(\$15)</b>	<b>(\$20)</b>
LN 26	<b>Estimated USF Support to be received if current NPRM is implemented:</b>				<b>\$1,990,413</b>	<b>\$1,819,732</b>	<b>\$1,677,796</b>
LN 27	Modified Net Income	=(LN16 + LN25)			(\$282,938)	(\$472,759)	(\$593,307)
LN 28	Modified ROR	=(LN28 / LN 17)			<b>-2.46%</b>	<b>-3.93%</b>	<b>-4.54%</b>
LN 29	Modified TIER	<b>=((LN13+LN27)/LN13)</b>			0.4843	0.1281	-0.1645